



United States Department of the Interior
Fish and Wildlife Service
DIVISION OF FINANCIAL MANAGEMENT



Financial Management Memorandum
FY2002 Year-end Instructions

FMM 2002-002
October 1, 2002

Purpose: This memorandum provides changes to indirect cost recovery rates for fiscal years 2003 and 2004.

Impact: Indirect cost recovery rates are necessary to ensure the Service recovers its full cost from reimbursable and pass-through agreements. Managers need to observe the new cost recovery rate structure to ensure correct cost rates.

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Chief, Division of Financial Management

Supersedes: New
OPR: Financial Operations Branch
Distribution: DFM, All Branch Chiefs, Region AD/Admin and B/FOs
Author: Chris Jensen, 703.358.2047
Expiration Date: When superseded
Angus/DFM 9/18/02 (cost recovery FY 2003-04)

In Reply Refer To:
FWS/DFM

Memorandum

To: Service Directorate

From: Director

Subject: Changes to Indirect Cost Recovery Rates for Fiscal Years 2003 and 2004

This memorandum establishes the indirect cost recovery rates for reimbursable agreements that will be effective on October 1, 2002. In accordance with the Fish and Wildlife Service Manual, Part 264, the Service's Cost Recovery Committee reexamined our rates for recovering indirect costs and has established new rates. Please ensure that your project leaders and organizations receive this information as soon as possible.

Below are the cost recovery rates effective October 1, 2002, for the three major categories within the cost recovery rate structure:

1. Standard Rate - The standard rate for cost recovery decreased from 20 percent to 18 percent. The standard rate is used in the majority of reimbursable agreements.
2. Standard Rate, Service-owned Facilities - This rate decreased from 14 percent to 13 percent. Use of this rate requires that there are no costs for GSA leased space related to the project. Examples may include a hosting agency providing space for Fish and Wildlife Service's staff working on a reimbursable project, using Service-owned facilities.
3. Pass-through Rate - The pass-through rate remains at 4.5 percent. The pass-through rate is an annual one-time payment from a(n) 1) State, local or tribal government, 2) institution of higher education; or 3) non profit organization where little or no administrative oversight is required by the Service.

Indirect cost recovery rates are necessary to ensure the Service recovers its full cost from reimbursable and pass-through agreements. These rates recover cost items, such as leased space, telecommunications, unemployment and workers' compensation, financial and personnel management services, that support approximately 800 Service employees working under reimbursable agreements.

Please note that the new rates will be applied to all FY 2003 reimbursable activities/funding. Specifically,

the new rates will apply to new agreements negotiated for FY 2003 and also for the FY 2003 funding increments of multi-year agreements that have been previously processed with work continuing into FY 2003.

The Service will continue to process exception requests to the cost recovery rate structure in accordance with U.S. Fish and Wildlife Service Manual, Part 264, FW 5. Further, approvals to perform reimbursable work without advance payment for State and local governments, and approvals to perform reimbursable work with a private entity will be continued in accordance with U.S. Fish and Wildlife Service Manual, Part 267.

The indirect cost recovery rates do not apply to fees collected (revenue) from Service activities, such as the Recreation Fee Demonstration Program.

Attached is a summary table that presents the Service's cost recovery rate structure effective October 1, 2002. If you have any questions, please contact Chris Jensen, Chief, Division of Financial Management, at 703-358-2047.

Attachment

Angus/DFM 9/18/02 (cost recovery FY 2003-04)

cc: DFM

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INDIRECT COST RECOVERY RATE STRUCTURE EFFECTIVE OCTOBER 1, 2002			
TYPE OF RATE	CODE	DESCRIPTION	RATE
Standard Rate	s	The standard rate applies to reimbursable agreements in which the activities are performed by Service personnel in leased facilities. The rate covers costs for leased space, payroll / personnel / financial systems, phones, Regional office support, contracting / procurement activities and information system infrastructure.	18%
Standard Rate for Service-owned Facilities	d-1	This rate applies to reimbursable agreements in which the activities performed by the Service personnel located in Service-owned facilities or in cases where a hosting agency or partner provides space for staff. This rate covers costs for payroll / personnel / financial systems, phones, Regional office support, contracting / procurement activities, and information system infrastructure.	13%
Pass-through	d-2	A pass-through agreement is a funding mechanism utilized to direct funding or payment to external entities. Funds are received from one party and passed onto another party. The grants or agreement involve strictly acquisition or financial processing services. Grants may be separated into a pass-through component and a component receiving the standard rate where the Service has a great deal of staffed activity. The pass-through rate will apply to Construction, Land Acquisition, Private Lands and On Service Lands agreements.	4.5%
Pass-through initiated by the DOI Office of the Secretary	d-3	These agreements receive the same pass-through rate, unless otherwise stated by the Secretary or prohibited by legislation.	4.5%
International Agreements	d-4	These agreements receive the standard rate, but allow for exceptions, in accordance with OMB A-25.	18%
Fish & Wildlife Coordination Act (FWCA) - Service Personnel	d-5a	This rate is used for Service work, performed by Service personnel, with the U.S. Army Corps of Engineers and Bureau of Reclamation agreements while carrying out the provisions of the Act.	38%
Fish & Wildlife Coordination Act (FWCA) - Subcontracted	d-5b	This rate is used for Service work, subcontracted to a third party, with the U.S. Army Corps of Engineers and Bureau of Reclamation agreements while carrying out the provisions of the Act.	15%

Attachment 1

TYPE OF RATE	CODE	DESCRIPTION	RATE
NRDAR/OPA	d-6	This rate will be incorporated in settlement agreements when developing estimates for submission to the Department of Justice for assessment / restoration work.	4.5%- 18%
EPA Superfund	d-7	This rate is assessed for Environmental Contaminants projects.	27.4%
Grants Received	z	In FY 2003, no rate will be assessed on grant funds received by the Service.	0%
Contributed Funds	z	No rate will be assessed on contributed funds.	0%
Fees Collected (Revenue)	z	Service fee revenue is assessed through the Cost Allocation Methodology process.	n/a
USGS/BRD	z	A reciprocal 0% rate is used when the U.S. Geological Survey/Biological Research Division is the direct recipient of FWS services. If the BRD is the pass-through agency, meaning it is receiving fund from other cooperators and passing it through to FWS, the 0% rate does not apply.	0%
Intra-agency Personnel Agreements	z	A 0% rate is used when personnel are detailed to other bureaus and/or agencies where there are no additional costs incurred for space, phones, etc.	0%
Emergency Supplemental	z	This 0% rate may only be used with emergency subactivities.	0%